

# Selling High-Value Food Products to Nigeria

By Uche M. Nzeka

Since a democratically elected government took office in Nigeria in May 1999, the business climate in that country has changed dramatically. That's good news for U.S. agricultural exporters. Nigerians today want U.S. food commodities, particularly value-added consumer foods.

## Growing Consumer Demand

Nigeria's population, currently 110 million, is growing at some 3 percent per year. In addition, Nigeria offers U.S. exporters a bonus market of about 20 million consumers in neighboring West African countries. These people are increasingly buying prepared food items that can be fixed quickly in the home or at work. For



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example, the sale of high-value food products in Nigeria jumped 25 percent in 2000. Continued urbanization will increase the demand for imported prepared foods.

Nigerian consumers view U.S. food products as high-quality items, and they are demonstrating a preference for U.S. trends in snack and convenience-type foods. Few of these products are produced domestically.

In Nigeria, more and more women are working outside the home and an increasing number of children are attending school. Middle- and high-income groups are being exposed to advertising for imported foods through television, print media and the Internet.

Currently, European Union (EU) and Asian suppliers dominate the market for

## Best U.S. Product Prospects

The high-value food products with the best prospects in Nigeria and its West African neighbors include:

- Baking mixes
- Beverages (alcoholic and non-alcoholic, including liquid milk)
- Breakfast cereals
- Candy
- Canned vegetables
- Cooking oil
- Frozen poultry and fish
- Ice cream
- Margarine
- Pasta
- Snack foods
- Spices
- Tomato puree



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## EACH YEAR, NIGERIANS ARE PURCHASING MORE HIGH-VALUE FOOD PRODUCTS.

convenience foods, but the U.S. share is growing, and further opportunities exist. The value of U.S. consumer-oriented foods exported to Nigeria in 2000 is estimated to have reached \$30 million. Because of high tariffs, many products enter Nigeria through ports in neighboring countries unrecorded or under-valued.

While traditional markets still account for 55 percent of all retail sales in Nigeria, supermarkets and convenience stores are becoming more prevalent. In 2000, supermarkets handled approximately 19 percent of all retail sales of imported consumer-ready foods. Hotels and food catering services represent a small but growing outlet for imported value-added food commodities.

The improved business climate in Nigeria is having a beneficial impact on the economy and on tourism. Fast food establishments offer the greatest opportunity for sales growth.

### Market Entry Tips

- Contact the agricultural counselor at the Office of Agricultural Affairs in Lagos, Nigeria, for assistance in selecting a local distributor/agent and other matters.
- Have the local agent register the products with the appropriate regulatory bodies.
- Identify and sell through consolidators in the United States who already serve the West African region.
- Exhibit at trade shows that are well attended by Nigerian importers.
- Offer food product shipments in mixed-lot containers.
- Offer flexible shipping volumes.
- Support activities for in-store and point-of-sale promotions in numerous small-sized outlets.
- Adopt a pricing strategy that encourages importers to buy your products.



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The largely subsistence agricultural sector has failed to keep up with rapid population growth, and Nigeria, once a large net exporter of food, now must import many items.

### Tips for Exporters

All value-added food products must be registered with the National Agency for Food and Drugs Administration and Control of the Government of Nigeria (GON). In addition, foreign manufacturers must be listed in Nigeria with a duly registered local company. In practice, this local representative handles and coordinates the registration process for food imports.

Import duties for high-value food products can run as high as 75 percent, but average about 45 percent. These products are also subject to a 5-percent value-added tax. There is also a customs service inspection charge of 8 percent of the import duty. Goods must be inspected in the country of origin and be accompanied by a report of inspection. Beginning May 2001, however, the GON initiated a duplicate inspection

for all imports that required another 100-percent inspection at the port of entry.

Because of the high tariffs and Nigeria's still inefficient port inspection practices, it is essential that U.S. exporters work with reputable local importers. Efficient Nigerian importers know "how to make things happen," and can move exporters' products into the country. FAS representatives at the Office of Agricultural Affairs in Lagos can assist U.S. exporters in establishing these essential business contacts. ■

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